



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 6, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **LAC+USC Medical Center Affiliation Agreement with USC**

In October 2000, the Board of Supervisors approved a renewal of the County's Affiliation Agreement (Agreement) with the University of Southern California (USC) for physician services and non-physician staffing at LAC+USC Medical Center (LAC+USC). Under the Agreement, USC provides licensed physicians to train/supervise County medical residents and provide direct patient care. USC also provides non-physician support staff (e.g., pharmacists, lab and clerical staff, etc.). The County pays USC approximately \$70 million a year for services under the Agreement. The Agreement requires the Department of Health Services (DHS) to perform an audit of the contract and have the audit validated by the Auditor-Controller.

DHS staff requested my office to audit the Agreement for Fiscal Years 2000-01, 2001-02 and 2002-03. Our review included attempting to determine if a sample of USC physicians were present at LAC+USC when they were scheduled to be on duty. We also reviewed how LAC+USC monitors USC's compliance with the staffing schedules and the adequacy of the staffing schedules provided by USC for verifying physician coverage with the schedules.

**Result of Review**

Our review disclosed that LAC+USC needs to work with USC to ensure the schedules provided by USC accurately reflect planned physician coverage. In addition, LAC+USC needs to develop a process to monitor physician services on a regular basis to ensure USC is providing the scheduled staffing.

We attempted to determine whether USC physicians shown on the schedules as being assigned to LAC+USC during May and June 2001, April 2002 and June 2003 were present and in compliance with the schedules. Overall, we were unable to locate an average of approximately 11.5% of the scheduled physicians over these time periods.

Some of the physicians who could not be located may not have actually been assigned to work at LAC+USC at those times. This may have occurred because the schedules provided by USC may not reflect the specific time of the planned physician coverage and because of the formats of the schedules. In addition, some of the physicians may have been providing services in other locations (e.g., treating patients in outpatient clinics, etc.) during our attempt to locate them. However, we did attempt to locate physicians in other locations and in some instances were still unable to find them. Others were out sick, on call or were providing consultations by telephone.

Based on the number of physicians who could not be located or were not present when scheduled, we believe that LAC+USC needs to work with USC to ensure the physician work schedules are accurate for the purpose of monitoring physician attendance. LAC+USC should then develop a process to monitor USC's compliance with the revised schedules on a regular basis.

The Agreement requires LAC+USC and USC to develop alternative measures to evaluate USC's services under the Agreement. We noted that LAC+USC and USC have made limited progress in developing these alternative measures. USC indicated that they believe a major impediment to progress in this area is the lack of an appropriate information system. We also noted that LAC+USC needs to monitor to ensure that USC includes all non-physician staff on the work schedules and monitors for compliance.

The following are the detailed results of our review.

### **Physician Staffing**

The Agreement states that, until alternative performance measures are developed, the services provided by USC will be measured based on the number of physician and non-physician full-time equivalent (FTE) staff. USC is expected to provide approximately 435 physician FTEs and approximately 75 non-physician FTEs. USC provides the County with work schedules indicating when physicians will be providing teaching/patient care services.

Our review disclosed that LAC+USC Administration does not systematically monitor whether physicians are complying with the work schedules. LAC+USC area administrators and/or medical departments (e.g., surgery, emergency medicine, etc.) may notify LAC+USC Administration when a physician is not present. However, LAC+USC Administration does not have a process to monitor to ensure USC is providing the scheduled staff on a regular basis.

In May and June 2001, April 2002 and June 2003, we attempted to determine whether USC physicians shown on the schedules as being assigned to LAC+USC were present in compliance with the schedules. In May and June 2001, we also attempted to determine the presence of physicians at Claude Hudson Comprehensive Health Center (HCHCHC). The following are the results of our review:

- In May and June 2001, we were able to locate all of the scheduled physicians at HCHCHC. However, we were unable to locate 71 (15%) out of 464 physicians at LAC+USC.
- In April 2002, we were unable to locate 17 (7%) out of 258 physicians at LAC+USC.
- In June 2003, we were unable to locate 15 (9%) out of 175 physicians at LAC+USC.

Some of the physicians who could not be located may not have actually been assigned to work at LAC+USC at those times. This may have occurred because the schedules provided by USC may not accurately reflect the scheduled times for the planned physician coverage. For example, we noted that some of the schedules only have a weekly list of physicians scheduled to work, but do not indicate which physicians should be present each day/shift and at what specific times. Other schedules do not indicate the hours the physicians are scheduled to work. USC indicated the schedules are intended to “assign responsibility” for coverage. However, without accurate schedules, LAC+USC cannot readily determine whether USC is providing the scheduled staffing. We also noted that the schedules are not consistent in format and are not always provided to LAC+USC before the month of service. USC also indicated that at least some of the physicians who could not be located were working in other areas, or had their work covered by other staff.

To ensure USC is providing the scheduled level of staffing, LAC+USC needs to work with USC to ensure that USC provides accurate, consistent physician work schedules for all medical departments and that the schedules are provided in a timely fashion to LAC+USC. LAC+USC then needs to develop a process to ensure USC physicians are complying with their work schedules on a regular basis and that USC is providing the scheduled level of staffing. In addition, because the Agreement does not define sanctions for non-compliance, if LAC+USC finds that USC is not providing the scheduled staffing, LAC+USC should work with County Counsel to identify possible sanctions that can be imposed on USC to ensure compliance.

### **Recommendations**

- 1. LAC+USC work with USC to ensure that USC provides accurate, consistent physician work schedules for all medical departments that can be used by LAC+USC to ensure USC is providing the scheduled**

level of staffing, and that the schedules are provided in a timely fashion to LAC+USC.

2. LAC+USC Administration develop a process to ensure that USC physicians comply with their work schedules on a regular basis and that USC is providing the required number of physician FTEs.
3. If LAC+USC finds that USC is not providing the scheduled staffing, LAC+USC should work with County Counsel to identify possible sanctions that can be imposed on USC to ensure compliance.

#### **Performance Measures and Physician Staffing Requirements**

The Agreement also requires LAC+USC and USC to develop alternative performance measures to evaluate USC's services. Our discussions with LAC+USC and USC indicate that, while each has some ideas for alternative measures, they have made only limited progress toward agreeing on or implementing alternative measures. USC indicated that this will require the implementation of an appropriate information system.

LAC+USC and USC should establish and implement a formal timetable to agree on and implement alternative measures to assess USC's performance under the Agreement.

#### **Recommendation**

4. LAC+USC and USC establish and implement a formal timetable to agree on and implement alternative measures to assess USC's performance under the Agreement.

#### **Non-Physician University Staffing**

The Agreement requires USC to provide approximately 75 non-physician full-time equivalent staff (e.g., pharmacists, clerical and secretarial staff, etc.). The Agreement also requires USC to provide work schedules for the non-physician staff. We noted that LAC+USC does not monitor to ensure USC provides the required non-physician staffing. We also noted that the schedules provided by USC in Fiscal Year 2001-2002 only showed 43 non-physician staff, some of whom only work part-time at LAC+USC. As a result, LAC+USC cannot monitor to ensure USC is providing all of the required staffing. USC has indicated that, because many of the non-physician staff only provide part-time service to the County and do not work on a regular schedule, it is very difficult to develop schedules in advance.

LAC+USC should require USC to provide work schedules for all non-physician staff provided under the Agreement and develop a regular process to ensure USC provides the assigned number of non-physician staff. Because the Agreement does not define sanctions for non-compliance, LAC+USC should work with County Counsel to identify

sanctions that can be imposed on USC if the required work schedules and/or staffing are not provided.

**Recommendations**

- 5. LAC+USC require USC to provide schedules of all non-physician staff provided under the Agreement and develop a regular process to ensure USC provides the assigned staffing.**
- 6. LAC+USC work with County Counsel to identify possible sanctions that may be imposed on USC if the required work schedules and/or staffing are not provided.**

We discussed the results of our review with LAC+USC and USC management. DHS' written response (attached) indicates agreement with our findings and recommendations. USC acknowledged that the schedules could be revised to reflect more consistently the physician staffing schedules. We thank LAC+USC and USC management for their cooperation and assistance during our review.

If you have any questions, please call me or have your staff call DeWitt Roberts at (626) 293-1101.

JTM:DR:js

c: David E. Janssen, Chief Administrative Officer  
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer. Department of Health Services  
Joseph Van Der Meulen, M.D., University Representative, USC School of Medicine  
Violet Varona-Lukens, Executive Officer  
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**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

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October 29, 2003

TO: J. Tyler McCauley  
Auditor-Controller

FROM: Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

SUBJECT: **RESPONSE REGARDING THE AUDIT OF THE LAC+USC MEDICAL  
CENTER AFFILIATION AGREEMENT WITH THE UNIVERSITY OF  
SOUTHERN CALIFORNIA (USC)**

This is in response to the Auditor Controller's audit of the affiliation agreement with USC for fiscal years 2000-01, 2001-02, and 2002-03. The Department generally concurs with the Auditor-Controller's findings, and the following is our response regarding the Department's implementation of each recommendation:

**Recommendation #1:**

LAC+USC work with USC to ensure that USC provides accurate, consistent physician work schedules for all medical departments that can be used by LAC+USC to ensure USC is providing the scheduled level of staffing, and that the schedules are provided in a timely fashion to LAC+USC.

**DHS Response:**

We agree. The Medical Center has already worked with the University and will continue to work to improve the quality (and timeliness) of the schedules provided. This will allow future audits to be conducted more efficiently until the alternative measures are agreed to by the County and the University.

**Recommendation #2:**

LAC+USC Administration develop a process to ensure that USC physicians comply with their work schedules on a regular basis and that USC is providing the required number of physician FTEs.

**Response:**

We agree. We will continue to work with USC to enhance the quality of the schedules provided by USC. This will allow enhanced monitoring, ensuring that physicians comply with the work schedules. It should be noted that the schedules do not allow monitoring of FTEs. However, random checks will be conducted each month of various departments to ensure that they comply with the schedules and that we are receiving the appropriate level of physician coverage. All departments will be monitored at least once each year, and any area where problems are noted will be monitored more frequently and corrective action will be taken. Additional monitoring is done through the physician time allocation modules (PTAM) surveys which are completed twice per year as required in the affiliation agreement.

**Recommendation #3:**

If LAC+USC finds that USC is not providing the scheduled staffing, LAC+USC should work with County Counsel to identify possible sanctions that can be imposed on USC to ensure compliance.

**Response:**

We agree. The Department is preparing to initiate a process to renegotiate the three affiliation agreements. Any sanctions would be negotiated through this process. It should be noted that despite the problems with the schedules, there has been no indication that the University is not providing the services as required by the affiliation agreement.

**Recommendation #4:**

LAC+USC and USC establish and implement a formal timetable to agree on and implement alternative measures to assess USC's performance under the agreement.

**Response:**

We agree. The alternative measures will be a fundamental part of the negotiations in the new agreement and will eliminate the need for the work schedules.

**Recommendation #5:**

LAC+USC require USC to provide schedules of all non-physician staff provided under the agreement and develop a regular process to ensure USC provides the assigned staffing.

**Response:**

We agree. We will work with the University to enhance the work schedules for the non-physician staff like we have done for the physicians. However, providing schedules a month in advance for this group of employees is more of a challenge since many of them work only part-time on County activities.

**Recommendation #6:**

LAC+USC work with County Counsel to identify possible sanctions that may be imposed on USC if the required work schedules and/or staffing are not provided.

**Response:**

We agree. This will also be addressed in the new affiliation agreement with the university. Nothing in this audit suggested that we are not receiving the appropriate non-physician staff from the university.

If you have any questions or need additional information, please let me know.

TLG:sr

c: Fred Leaf  
Sachi Hamai  
David Altman, M.D.  
Dave Runke